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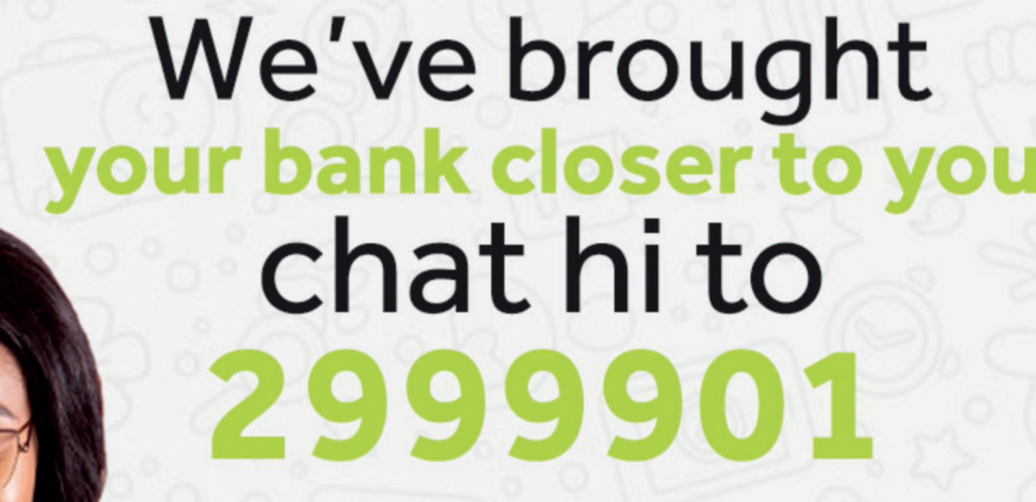

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Financial Highlights

	2019	2018
	D'000	D'000
Income Statement		
Profit before tax	**21,202**	46,477
Profit after Tax	**9,795**	34,521
Net interest income	**84,618**	76,824
Operating expenses	**117,026**	117,798
Impairment gain	**6,632**	31,787
Balance sheet		
Total Assets	**2,344,087**	1,887,719
Loans & Advances	**178,001**	79,622
Customer Deposits	**1,745,769**	1,273,889
Equity	**504,929**	496,435
Ratios		
Earnings Per Share (Bututs)	**0.02**	0.06
Return on Asset (ROA)	**1%**	2%
Return on Equity (ROE)	**2%**	7%
Capital Adequacy	**119%**	111%
Cost Income Ratio	**85%**	72%
Liquidity Ratio	**118%**	123%
NPL Ratio	**2%**	0.08%
NOP	**12.5%**	14.12%

CERTIFICATION OF THE FINANCIAL STATEMENTS FOR SUBMISSION TO AND CONSIDERATION BY CENTRAL BANK OF THE GAMBIA

Sections 25(2A) and 26 of the Banking Act of 2009 and Directives from the Central Bank in 2019, requires that the audited Financial Statements shall be signed by the Auditors and the Directors and submitted to Central Bank of The Gambia for review, further action pursuant to the Section 26 and approval for finalisation and publication.

The attached Financial Statements are certified as being in agreement with the underlying Books and Records of the Bank and submitted by the Auditors and Board of Directors in accordance with Section 25 (2a) for approval by Central Bank of The Gambia.

Signed:…………………………………..…………….Auditors

Signed: …………………………………….…………Managing Director

Signed: …………………………………….………… Director

Date: …………………………………….………… 2020

General information

Directors

Papa Yusupha Njie	Chairman
Dolapo Ogundimu	Non-Executive Director (retired,16th April 2019)
Arinze Sergie Okeke	Non-Executive Director (joined,16th May 2019)
Ayokunle A.Olajubu	Executive Director
Hadiza Ambursa	Non-Executive Director (retired, 7th March 2019)
Lookman Martins	Non-Executive Director
Dominic Mendy	Non-Executive Director
Adedapo Adepoju	Executive Director

Company Secretary ------------------------

Auditors

PKF
Accountants and business advisory
Noble House
33 Bijilo Layout Annex
Bijilo, The Gambia

Bankers

Central Bank of The Gambia
1-2 Ecowas Avenue, Banjul
London

Standard Chartered Bank UK Limited
2nd Floor 1 Basinghall Avenue, London,

The Access Bank UK Limited
4 Royal Court, Gadbrook Park
Northwich, Cheshire, CW9 7UT
London

Standard Chartered Bank
8 Ecowas Avenue, Banjul, The Gambia

Standard Chartered Bank, NY
1095 Avenue of the Americas # 33C
New York, NY 10036-6797

Solicitors

Badou Conteh- Lord's Chambers
Serrekunda, KSMD
The Gambia

Lamin A. Ceesay - Solie Legal Chambers
2nd Street
Fajara M Section

Christopher E. Mene - Oussu's Chambers

5 Macumba Jallow Street
P.O. Box 635, Banjul

Uzoma Achigbue - South Atlantic Chambers
GRA Road Kanifing
KSMD

Kebba Sanyang- Kansala Law Chambers
87 Kairaba Avenue, Fajara

Registered Office

47 Kairaba Avenue
P.O Box 3177
Serrekunda,
The Gambia

Chairman's Statement

It is a pleasure once again to welcome you to the 11th Annual General Meeting of the Share Holders of Access Bank (Gambia) Limited. It is indeed an honour and gratitude to present to you the financial performance of the Bank for the year ended 31st December 2019.

I would like to take this opportunity to inform you of the departure of Mr. Dolapo Ogundimu as a Director and express our gratitude to him for his support to the bank during his tenure and introduce to you our new Director, Mr. Arinze Okeke. He is a veteran Banker with the urge to share with you his strong sense of commitment, professional excellence and experience he has gathered over the years. Whilst welcoming Mr. Okeke, we look forward to his valuable contribution and support to the Bank.

Despite the operating and environmental challenges faced by the economy, the Bank continues to evolve in delivering financial returns and investment to its shareholders. I thank the management and staff for their continued show of resilient, high level of professionalism and commitment towards attaining the set goals and objectives.

I urge you all to continue to work as a family towards attaining the Bank's vision in becoming the World's Most Respected African Bank.

Operating Environment

The year 2019 witnessed the continuous threat of escalating trade tensions between the United States of America and China resulting in widespread uncertainty and waning investor confidence. Despite the challenges, the projected Global economic growth, according to International Monetary Fund (IMF), is projected to pick up from 2.9 percent in 2019 to 3.3 percent in 2020. However, there are significant risks to the outlook, particularly the impact of the Coronavirus outbreak on the global economy.

Growth in advance economies is projected to slow to 1.6 percent in 2020, from 1.7 percent in 2019. Growth in emerging markets and developing economies is expected to recover to 4.4 percent in 2020 from 3.7 percent in 2019. This is due to the fact that borrowing costs are on a downward trend with relatively more liberal foreign exchange markets with exchange stability.

In Sub-Saharan Africa, growth is projected at 3.5 percent in 2020 from 3.3 percent in 2019 supported by stronger external demand, higher commodity prices and improved access to capital. However, the continent's oil giants like Nigeria and Angola have experienced remarkable depreciation of their currencies due to the drop in Global Energy prices, thus widening their current account deficits.

Overall, the prospect for global economic growth in the coming years is gloomy as the strict measures applied in curbing the Covid-19 pandemic will have a devastating impact on it. These measures have disrupted economic activity, created massive unemployment, unquantifiable proportion of uncertainty in the financial markets across the world and plunging economies into recession. Although countries have started reopening their economies, the risks remain high.

With the above developments, the International Monetary Fund (IMF) revised its initial projections and forecast the global economy to contract by 3.0 percent in 2020, putting into account a combination of demand and supply shocks due mainly to the pandemic. In Sub-Saharan Africa, the projected income losses due to the crisis are threatening to reverse the economic progress made in recent years. The region is expected to register a negative growth of 1.6 percent in 2020.

On the domestic front, The Gambia has made significant progress in implementing structural reforms such as debt management, public finance management, improved business environment and appropriate policy mix. The economy is estimated to grow by

0.2 percentage points to 6.0 percent in 2020. The main drivers of growth are construction activities and the service sectors including wholesale and retail trade, finance and insurance, and telecommunications and Agriculture. The tourism sector was severely affected by the collapse of Thomas Cook.

Banking Industry

The key performance indicators as at end of 4th quarter 2019, has shown that banking system remains adequately capitalized, liquid and profitable. A liberal market environment with 12 banks has resulted in more competition with a range of products and services designed to meet the increasing need of the population. However, the industry is relatively overcrowded given the size of the economy.

According to the last quarter of 2019 Monetary Policy Report of the Central Bank, the capital adequacy ratio of the industry stood at 31.45 percent in December 2019 higher than the statutory requirement of 10 percent. All the banks were above the minimum capital requirement. The report further stated that the ratio of liquid asset to total assets of the industry stood at 61.1 percent in December 2019 compared to 57.4 percent in the same period in 2019. The liquid asset to deposit ratio was 91.6 percent, also higher than the statutory requirement of 30.0 percent. The ratio of non-performing loans to total loans was 4.55 percent in December 2019.

Financial Performance

Board of Directors, shareholders, Ladies and Gentlemen, your bank has recorded a profit before tax figure of GMD21.2 million in 2019 compared to GMD46.47 million in 2018.

The bank's total assets grew from One billion, Eight hundred and Eighty-seven million, Seven hundred and Nineteen Thousand Dalasis as of December 31st, 2018 to Two billion, Three hundred and Forty-four million, and Eighty-seven thousand Dalasis, an impressive growth of 24.17%. Similarly, customer deposits also grew from One billion, Two hundred and Seventy-three million, Eight hundred and Eighty-nine Dalasis to One billion, Seven hundred and Forty-five million, Seven hundred and Sixty-nine Dalasis thus registering a growth of 37.04%.

The bank will continue to maintain and improve on its infrastructure and investment in personnel and technology. To this end, WHATSAPP BANKING was approved and deployed. This product will go a long way in facilitating balance enquiry, fund transfers, mobile phone top-ups, statement requests, cheque book requests and many other services. It is also in conformity with the financial inclusion policy that the Central Bank of the Gambia is promoting.

Future Outlook

The Covid-19 virus has caused a convulsive shock to the global economy. There remains considerable uncertainty around the pathway of the pandemic, the means and speed of any economic recovery and what structural changes – particularly to the globalization of trade and capital it will bring in the longer-term.

The pandemic is already radically worsening the economic outlook for Africa, with growth expected to collapse to a negative 1.6% and a real GDP per capita fall of 3.9%, making 2020 the worst year since records began in 1970 for the continent's economic growth.

Policy measures have included lowering the base rate – which has positive effects on aggregate demand and household abilities to service debts – lowering bank cash reserve ratios, government bond buying programs and debt moratorium for banks.

However, the stability of the banking sector in Africa is threatened by the likelihood that there will be a sharp increase in non-performing loans. Borrowers across sectors and scales of business will be affected, as declines in income and revenue mean that they will be unable to meet their obligations.

Access Bank Group evolved a five-year strategy that would make the Bank become the no. 1 Bank in Africa; these strategies are to be replicated in all subsidiaries. In line with this vision, Access Bank Gambia has adopted these new initiatives that were approved by Access Bank Group.

These include enabling of Personal Loans digitally, increase in foreign exchange transactions, branch network expansion and new and innovative technology driven solutions to meet the needs of our dear customers.

Human Capital Development

Our staff continue to be the catalysts of the Bank as they constitute the most precious resource for enabling the bank to go beyond the ordinary in setting standards for sustainable business practices and delivering innovative solutions for the markets and communities we serve.

I would therefore take this opportunity to thank them for their consistent hard work and dedication towards meeting and exceeding those set objectives.

Conclusion

It is very clear that the global pandemic of COVID-19 will have a profound effect on world economies and the banking sector as highlighted. I am also convinced that these same challenges present opportunities that are even more relevant at this point as we learn to live with COVID-19. The commitment that we have placed on improving the bank's standing in the local market by engaging the critical sectors in the economy that need our support especially at this critical and difficult period is not misplaced and the impact of these investments go beyond the basic dynamics of economic impact or ROI. The social benefits and direct impact on the lives of our people from our successful engagements will become intangible beyond our lifetime.

The well-being of our staff, management and customers and their families will continue being paramount in our operations especially during this time and it is our focus to make sure that strategies and plans are in place to provide a safe banking environment and the use of the banks digital channels with new and innovative technology, we hope will further support this initiative. We will continue to count on the dedication and commitment and support of the Staff, Directors, Shareholders, and the public at large to achieve and surpass our objectives.

Thank you and May Allah bless us all.

Managing Director’s Statement

I am delighted to present to you a summary of your Bank’s business review in this 2019 Annual Report; which is my second year as Managing Director of Access Bank Gambia.

The past year was a period of progress towards the achievement of our strategy to become the leading Retail Bank in the Gambia by 2022. Being the second year in our 5-year strategic growth plan, your Bank made steady progress across key strategic objectives as it consolidated the Corporate and Retail banking businesses to deliver more value. Our performance in 2019 maintains a steady pace; it reflected our disciplined execution and commitment to strong risk management culture, controls and compliance standards. We were cautiously optimistic in growing our asset portfolio over the period as we diversified revenue sources to deepen gains across our key business segments. Though the year was demanding, we witnessed a positive growth trajectory and are certain that we are moving in the right direction to create value for all our shareholders.

Expanding Our Frontiers

Growing both our Corporate and Retail banking business meant that we took advantage of new and emerging market opportunities to grow our balance sheet. These have made the management to strategized and position the bank by working towards opening three more branches in Senegambia; Brikama and Farafenni to harness prospective customers. Moreover, during the period under review, the Bank has invested so much in improving the innovative and digitally imbued products; **USSD *901#, Mobile App** and **Access Africa Money Transfer** and **WhatsApp Banking** targeted at retail customers, salary earners, employers and Corporate customers. We are also on the verge of migrating our Core banking application to a higher version in unity with the Group.

Building Capacity

Our staff remain our greatest asset and they have formed an integral part of the Bank’s growth over the years. In tandem, we are continuously focused on attracting talent through our reputable Entry Level Training Programme at the School of Banking Excellence (SBE) for fresh graduates to maintain our competitive edge and continue driving performance. Our ambition is to drive a high-performance culture, putting our customers at the centre of all that we do and remaining true to our values.

Sustainability and Future Investment

Next year we will be celebrating 14 years of our Bank's existence in the country, our banking franchise has been embraced and accepted by so many across the country re-iterating our commitment to sustainability as captured in our mission statement. The emerging "new normal" as occasioned by the COVID-19 pandemic requires the adoption of technology to meet the changing needs of customers; this is evident with the introduction of WhatsApp Banking which is the first of its kind in the Gambia. We are combining our brick and mortar expansion with an intelligent roll out of our digital platforms to enhance our reach and promote a cash-lite society while positioning Access Bank as the Bank of choice in the Gambia.

Exciting times Ahead

Last year, our Bank has refreshed its look as a result of the merger between our parent company - Access Bank Plc and Diamond Bank Plc in Nigeria. Our logo, colors and brand promise has thus been evolved and we are excited by the benefits that this change is impacting on our trade finance, payments and Retail banking business.

Management of the Bank will continue to remain committed to safeguarding our customers and their businesses, as well as upholding our fiduciary responsibilities. I would like to thank my fellow Directors, colleagues and everyone I work with for their warm support in working towards achieving the Bank's objectives. I have every reason to believe that given the momentum of our 14 years' milestone in the Gambia, the year 2020 will be a rewarding one for us all.

Remain blessed and stay safe.

Managing Director/CEO
Ayokunle Olajubu

Corporate Governance

The Board meets on a quarterly basis with the view of reviewing the bank's financial position and take other strategic decisions. The Bank's governance structure stems from our internal governance framework which is executed through the following organs:

A. The Board of Directors
B. Board Committees
C. Management Committees

The Board of Directors

Access Bank (Gambia) Limited's Board of Directors is the highest authoritative body of the bank. The Board is composed of both Executive and Non-Executive Directors. The Board functions as the overseer and custodian of the operations and well-being of the Bank. The Board also directs the in-country strategies, policies, budgets, and staff welfare.

The Board meets quarterly four times a year. It constitutes a five-man panel that reviews, revises and examines matters centric to each respective unit of the bank.

The work of the Board of Directors is guided by the Central Bank of The Gambia Guidelines, the Banking Act 2009, and internally by the Code of Conduct of the Board of Directors.

The members of the Board as at 31st December 2019 were as follows:

Papa Yusupha Njie	Chairman
Dolapo Ogundimu	Non-Executive-Director (retired,16th April 2019)
Arinze Sergie Okeke	Non-Executive Director (joined,16th May 2019)
Ayokunle A.Olajubu	Executive Director
Hadiza Ambursa	Non-Executive Director (retired, 7th March 2019)
Lookman Martins	Non-Executive Director
Dominic Mendy	Non-Executive Director
Adedapo Adepoju	Executive Director

Statutory Requirements of the Board:

- Approval of interim and final financial statements.
- Approval of any interim and recommendation of final dividends.
- Approval of the Annual Report & Accounts.
- Approval of any significant change in accounting policies or practices.
- Appointment (or removal) of the Company Secretary.
- Authorisation for Directors' conflicts or potential conflicts of interest.
- The Board recommends the appointment, reappointment or removal of external auditors to shareholders following the recommendation of the Audit Committee.
- Approval of the appointment or dismissal of the Chief Risk Officer ("CRO"), and acceptance of the resignation of the CRO. The appointment, resignation or dismissal of the CRO will be reviewed by the Board Risk Committee and a recommendation made to the Board for approval or acceptance.
- Oversee the activities and function of the sub-committees.

BOARD CREDIT AND FINANCE COMMITTEE

This committee is a sub-committee of the Board of Directors responsible for reviewing and reporting its conclusions to the main Board. It assesses the credit application; formulation of Credit Risk Policies and determine management of Credit Risk approvals. This committee is tasked with review of the financial performance of the Bank against budget and formulate follow up policies that forms strategic directive to the board. The committee acts independently but reports to the Main Board for approval.

In addition to the Committee's responsibilities, it also assists the Main Board in fulfilling its responsibility with respect to:

- Maintaining accounts and internal control relevant to the preparation of financial statement that is free from material misstatement.
- Oversee Access Bank Gambia Risk Management Framework, including the significant policies and practices used in managing credit, market, operational and other risks
- Oversee Access Bank Gambia policies and practices relating to Treasury matters, including capital, liquidity and financing,
- Oversee the performance of the Fundamental Credit Risk and credit review functions

The Members are as follows:

Lookman Martins	Chairman
Dolapo Ogundimu	Non-Executive Director (retired,16th April 2019)
Arinze Sergie Okeke	Non-Executive Director (joined,16th May 2019)
Ayokunle A.Olajubu	Executive Director
Hadiza Ambursa	Non-Executive Director (retired, 7th March 2019)
Dominic Mendy	Non-Executive Director
Adedapo Adepoju	Executive Director

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The Board Audit and Risk Management Committee is a subcommittee of the Board of Directors and is authorised by the main Board to look into the internal activities of the bank. This committee has the responsibility for review and make recommendations to the Main Board on all matters relating to the Audit and financial control and reporting processes.
They provide assistance to the Board of Directors in fulfilling its financial reporting and risk oversight responsibilities to the shareholders of Access Bank Gambia.

The Members are:

1.	Mr. Dominic Mendy	Chairman
2.	Ms. Hadiza Ambursa	Non-Executive Director (retired, 7th March 2019)
3.	Mr. Lookman Martins	Director
4.	Dolapo Ogundimu	Non-Executive-Director(retired,16th April 2019)
5.	Arinze Sergie Okeke	Non-Executive Director (joined,16th May 2019)

THE BOARD/MANAGEMENT ORGANOGRAM OF ACCESS BANK

MANAGEMENT COMMITTEES

During the year, 2019, the following were the standing committees of the Bank.

I. Management Credit Committee
II. Assets & Liability Committee
III. Management Risk and Compliance Committee
IV. Executive Management Committee
V. Cost Control Committee
VI. IT Steering Committee

MANAGEMENT CREDIT COMMITTEE

The Management Credit Committee serves the Board of Directors. Its mandate is to provide an oversight and manage the Bank's credit activities on behalf of the Board.

Composition

MD/CEO (Chairman)
ED/COO
Head FINCON
Head, Public Sector Banking
Head, Treasury
Head, Commercial
Head, Corporate
Head, Compliance & Control
Head, Internal Audit
Head, Legal

Meetings: Weekly and Quarterly

Terms of Reference

The committee will review and recommend requests for customer credit facilities that require the approval of the Board. In addition, it will approve the Bank's credit policies and overall credit risk profile, taking into consideration relevant laws and regulations. To ensure the quality of the loan portfolio of the Bank is sound and within the approved credit risk profile, the Committee will review the Bank's key credit related management and stress testing reports.

Members of the Management Credit Committee are appointed or removed by the Board.
The committee will meet as and when required.

Control and Risk Management Division will assign a senior staff to act as the Committee Secretary who will also act as the meeting convener.

Meeting minutes are prepared by the Committee Secretary

Terms of reference

1. Review and approve inputs pertaining to credit risk for the establishment of the Risk Appetite of the Bank;
2. Review and recommend credit risk limits and parameters for Board approval;
3. Review and recommend new credit policies and amendments to existing credit policies;
4. Review applications for customer credit facilities that require the approval of the Board.

ASSETS AND LIABILITY COMMITTEE (ALCO)

ALCO is responsible for managing the efficiency of our Balance Sheet setting limits on borrowing in the short-term markets, while lending long-term instruments. Among the factors considered are liquidity risk, interest rate risk, operational risk and external events that may affect the bank's forecast and strategic balance-sheet allocations. The ALCO generally reports to the Board of directors and also has regulatory reporting responsibilities.

Committee Composition:

MD/CEO (Chairman)
ED/COO
Head, FINCON
Head, Public Sector Banking
Head, Corporate
Head, Commercial
Head, Internal Audit
Head, Treasury
Head, Compliance & Control

Meetings: Monthly

Terms of Reference

The scope of the ALCO to a larger extent covers the following processes:

Liquidity Risk: The current and prospective risk arising when the bank is unable to meet its obligations as they fall due without adversely affecting the bank's financial conditions. From an ALM perspective, the focus is on the funding liquidity risk of the bank, meaning its ability to meet its current and future cash-flow obligations and collateral needs, both expected and unexpected. This mission thus includes the bank liquidity's benchmark price in the market.

Interest Rate Risk: The risk of losses resulting from movements in interest rates and their impact on future cash-flows.

Currency Risk Management: The risk of losses resulting from movements in exchanges rates. To the extent that cash-flow assets and liabilities are denominated in different currencies.

PROFIT PLANNING AND GROWTH:

EXECUTIVE COMMITTEE (EXCO)

The Executive Committee (or EXCO) is responsible for managing the bank wide material operational issues. EXCO's role is to review and debate relevant items before consideration by the Board and escalates key issues.

To enable the Executive Committee to carry out its objectives, authority and terms of reference is delegated to certain executive committees, as required.

Composition	
MD/CEO	Chairman
Group Heads	Members
ED/COO	Secretary

Meetings: Weekly (Every Monday)

Terms of reference

- To consider emerging issues, that may be material to the business and affairs of the bank and the realisation of its agreed strategy;
- To review material strategic initiatives, including acquisitions, disposals and joint ventures and recommend such to the Board;
- To approve transactions within its delegated authority limit of set by the Board of Directors in relation to acquisition and disposals;
- To determine and deliver the overall bank strategy;
- To receive and consider reports on customer matters, where these are deemed material to the Bank and take action as it considers appropriate;
- To have oversight of the control frameworks with respect to adequate accounting and other records and systems of planning and internal control and inspection;
- To receive and note the risk reports, which are considered by the Board's Risk Committee then the Board takes actions that it considers appropriate;
- To receive updates on Bank wide risk issues from the Chief Risk Officer and Group Head of Conduct & Regulatory Affairs as required;
- To consider recommendations on risk management matters including recommendations on risk appetite, risk policies and risk management strategies and ensure they are implemented;
- To ensure that risk considerations are incorporated within the strategic planning and budgeting processes;
- To consider and approve the opening of branches and representative offices, and any related requirements;
- To monitor and manage the Bank's Recovery and Resolution Plans and activities and to receive quarterly updates on developments and progress.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st December 2019.

Statement of Directors' responsibilities

The Companies Act 2013 requires the directors to prepare the financial statements for the financial period which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2013 and the Banking Act 2009. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal business activity

The company provides commercial banking services to the general public in accordance with the regulations of the Central Bank of The Gambia and the Banking Act 2009.

Results and dividends

The results of the company are as detailed in the accompanying financial statements. The directors did not recommend payment of dividend.

Property, plant and equipment

The property, plant and equipment of the company are as detailed on note 7.15 (a) of the financial statements. There has not been any permanent diminution in the value of the company's property, plant and equipment.

Employees

The cost associated with these employees is as detailed in note 7.6.

Directors and directors' interest

The members of the Board of directors are detailed on page 4 and none of the directors have any beneficial interest in the shares of the Bank.

Auditors

The auditors, PKF – The Gambia, having indicated their willingness will continue in office in accordance with section 342 (2) of the Companies Act 2013.

By order of the board of directors

Dated this 22nd day of June 2020

Company Secretary

Independent Auditors’ Report

To the members of Access Bank (Gambia) Limited

Opinion

We have audited the financial statements of Access Bank Gambia Limited which comprise the statement of financial position as at 31st December 2019, Income Statement, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and have been properly prepared in accordance with the Companies Act 2013 and the Banking Act 2009.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in The Gambia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the General Information, Directors’ report and Corporate Governance Report as required by the Companies Act of 2013 and Banking Act 2009. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Accountants &
business advisers

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Engagement Partner on the audit resulting in this independent auditor's report is Donald Charles Kaye.

PKF

PKF
Accountants and business advisers
Registered Auditors
Bijilo
The Gambia

Date: 24th June *2020*

Tel +(220) 441 4420 / 441 4421
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The PKF International Association is an association of legally independent firms.

Statement of Comprehensive Income

For the year ended 31st December 2019
(In thousands of Gambian Dalasi)

	Notes	2019	2018
Interest income	7.1	**122,404**	110,773
Interest expense	7.2	**(37,786)**	(33,949)
Net interest income		**84,618**	76,824
Fee and commission income		**28,154**	28,938
Fee and commission expense		**(5,614)**	(877)
Net fee and commission income	7.3	**22,540**	28,061
Net trading income	7.4	**23,694**	25,694
Other operating income	7.5	**744**	1,910
Operating income		**131,596**	132,489
Net impairment gain on financial asset	7.13(a)	**6,632**	31,787
Net operating income after impairment on financial assets		**138,228**	164,276
Personnel expenses	7.6	**(41,282)**	(44,395)
Depreciation of property, equipment and right of use assets	7.15	**(18,844)**	(15,431)
Amortisation of intangible assets	7.16	**(3,121)**	(3,030)
Administration and general expenses	7.8	**(53,779)**	(54,942)
Total operating expenses		**(117,026)**	(117,798)
Profit before income tax		**21,202**	46,478
Income tax expense	7.7(a)	**(11,407)**	(11,956)
Profit for the year		**9,795**	34,522

The accompanying notes are an integral part of these Financial Statements

Other Comprehensive Income

For the year ended 31st December 2019
(In thousands of Gambian Dalasi)

	Notes	2019	2018
Profit for the year		**9,795**	34,522
Other comprehensive income:			
Net change in fair value of financial assets		**-**	-
Income tax relating to Net change in fair value of financial assets		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**9,795**	34,522
Profit attributable to:			
Controlling: Equity holders of the bank		**9,374**	33,037
Non-controlling interest		**421**	1,485
Total comprehensive income for the year		**9,795**	34,522
Basic earnings per shares		**0.02**	0.06

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

As at 31st December 2019

(In thousands of Gambian Dalasi)	Notes	2019	2018
Cash and cash equivalents	7.11	**708,142**	634,027
Investment securities at amortised cost	7.14	**1,288,809**	1,039,286
Loans and advances	7.12	**178,001**	79,622
Property and Equipment	7.15 (a)	**109,513**	103,090
Right of Use Asset	7.15 (b)	**25,673**	-
Intangible assets	7.16	**12,308**	13,029
Other assets	7.18	**21,643**	18,277
Deferred Tax Asset		**-**	388
Total assets		**2,344,089**	1,887,719
Deposits from customers	7.19	**1,745,769**	1,273,889
Current tax liabilities	7.7(b)	**1,244**	9,819
Deferred tax liabilities	7.17	**4,580**	-
Other liabilities	7.20 (a)	**57,368**	106,423
Lease liability	7.20 (b)	**30,197**	-
Total liabilities		**1,839,158**	1,390,131
Equity			
Share capital	7.21(a)	**586,812**	586,812
Share premium	7.21 (b)	**628,943**	628,943
Income Surplus		**(762,752)**	(767,057)
Statutory Reserves	7.21(c)	**50,218**	47,769
Credit Risk Reserves	7.21(d)	**1,708**	1,292
Other reserves		**-**	(171)
Total Equity		**504,929**	497,588
Total liabilities and equity		**2,344,087**	1,887,719

These financial statements were approved by the board of directors on ....22nd.....June..... 2020 and were signed on its behalf by:

......................................Director ....Director ....Director

The accompanying notes are an integral part of these financial statements.

Statement of changes in Equity

As at 31st December 2019
(In Thousands of Gambian Dalasi)

	Share Capital	Share Premium	Credit risk Reserves	Statutory Reserves	Other Reserves	Retained earnings	Total equity
Balance at 1 January 2019	**586,812**	**628,943**	**1,292**	**47,769**	**(171)**	**(767,057)**	**497,588**
Impact of adopting IFRS 16	-	-	-	-	-	**(2,625)**	**(2,625)**
Restated balance at 1 January 2019	**586,812**	**628,943**	**1,292**	**47,769**	**(171)**	**(769,682)**	**494,963**
Total comprehensive income net of tax							
Net result from continuing operations	-	-	-	-	-	9,795	**9,795**
Transfer to Credit Risk Reserves	-	-	416	-	-	(416)	**-**
Total comprehensive income	-	-	-	-	-	9,795	**9795**
Other transfer	-	-		-	171		**171**
Transfer to Statutory Reserves	-	-	-	2,449	-	(2,449)	**-**
Balance at 31 December 2019	**586,812**	**628,943**	**1,708**	**50,218**	**-**	**(762,752)**	**504,929**
Balance at 1 January 2018	**586,812**	**628,943**	**1,292**	**39,139**	**-**	**(793,120)**	**463,066**
IFRS 9 Adjustment	-	-	-	-	(171)	171	-
Restated balance at 1 January 2018	**586,812**	**628,943**	**1,292**	**39,139**	**(171)**	**(792,949)**	**463,066**
Total comprehensive income net of tax							
Net result from continuing operations	-	-	-	-	-	34,522	**34,522**
Foreign currency translation	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	34,522	**34,522**
Transfer to Statutory Reserves	-	-	-	8,630	-	(8,630)	-
Balance at 31 December 2018	**586,812**	**628,943**	**1,292**	**47,769**	**(171)**	**(767,057)**	**497,588**

The accompanying notes are an integral part of these financial statements.

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Statement of cash flows

For the year ended 31 December 2019

(in thousands of Gambian Dalasi)	Note	**2019**	2018
Cash flows from operating activities:			
Profit before tax		**21,202**	46,478
Adjustments for:			
Depreciation of property, plant and equipment	*7.15 (a)*	**15,023**	15,431
Amortisation of intangible assets	*7.16*	**3,121**	3,030
Depreciation of right-of-use assets	*7.15 (b)*	**3,820**	-
Write off of intangibles	*7.16*	**13**	-
Overprovision of tax		**90**	-
Gain on disposal of property, plant and equipment		**(172)**	(695)
Non-cash adjustments		**(396)**	24
Net interest income		**(84,618)**	(76,824)
		(41,917)	(12,556)
Change in restricted balances with Central Bank of The Gambia		**(19,592)**	(451)
Changes in Loans and Advances		**(98,379)**	(1,668)
Lease Liability		**(30,197)**	
Change in other assets		**(3,366)**	28,872
Change in other liabilities		**(49,055)**	61,064
Change in deposits from customers		**471,880**	222,921
		271,291	298,182
Interest received		**122,404**	110,773
Interest paid		**(37,756)**	(33,949)
Income tax paid		**(14,924)**	(10,722)
Net cash generated from operating activities		**299,098**	364,284
Cash flows from investing activities			
Acquisition of investment securities		**(189,523)**	(83,835)
Acquisition of property, equipment		**(21,446)**	(8,536)
Acquisition of right-of-use assets		**(29,493)**	-
Acquisition of intangibles		**(2,387)**	(5,660)
Proceeds from the sale of property and plant		**172**	695
Net cash used in investing activities		**(242,677)**	(97,336)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		**(1,898)**	-
Net cash from financing activities		**(1,898)**	-
Net increase in cash and cash equivalents		**54,523**	266,948
Cash and cash equivalents at 1 January		**610,399**	343,451
Cash and cash equivalents at 31 December		**664,922**	610,399

The accompanying notes are an integral part of these financial statements.

Notes (forming part of the financial statements)

1. Reporting Entity

Access Bank (Gambia) Limited received an approval-in-principle license from the Central Bank of The Gambia to operate as Commercial Bank in The Gambia on 9th June 2006. The Bank was incorporated on 12th April 2006 under the Companies Act 2013 and Banking Act 2009. The Bank obtained its final banking licence on 19th of October 2006 and commenced banking operations on 30th October 2006. The principal registered office of the Bank is 47 Kairaba Avenue, Fajara, KSMD, Banjul, The Gambia. The Bank was licensed to operate as a Commercial Banking business including acceptance of deposits and granting of loans to all categories of customers irrespective of nature or class of business. The bank currently has six branches in various strategic locations in the country that provides banking services to Retail, Corporate and Government Institutions.

The financial statements were approved by the Board of Directors on the .... 2020.

2. Basis of Preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- financial instruments at fair value through OCI are measured at fair value;
- the liability for defined benefit obligations is recognized as the present value of the defined benefit obligation and related current service cost;
- non-current assets held for sale measured at lower of cost and fair value less costs to sell;
- share based payment at fair value or an approximation of fair value allowed by the relevant standard.

2.3 Functional and presentation currency

These financial statements are presented in The Gambian dalasi (D), which is the Bank's functional and presentation currency.

2.4 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgments/estimates involved.

2.4.1. Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3. Significant Accounting Policies

The accounting policies set out below have been applied in preparing the Financial Statements of the Bank.

3.1. Changes in significant accounting policies

(a) New and amended standards adopted by the Bank

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2019 that are relevant to the Bank.

(a) i. IFRS 16-Leases

In the current year, the Bank has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when

such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Bank's financial statements is described below.

The date of initial application of IFRS 16 for the Bank is 1 January 2019. The Bank has applied IFRS 16 using the cumulative catch-up approach which:

- Requires the Bank to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

(a) Impact of the new definition of a lease

The Bank has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Bank applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Bank has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Bank.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Bank accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet

Applying IFRS 16, for all leases (except as noted below), the Bank:

a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii)

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities. Whereas, under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Bank has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

The Bank has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Bank has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- The Bank has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37, in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Bank has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application
- The Bank has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Bank has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Bank has elected to apply the low-value lease recognition exemption

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17). Because of this change, the Bank has reclassified certain of its operating sublease agreements as finance leases and accounted for them as new finance leases entered into at the date of initial application. As required by IFRS 9, an allowance for expected credit losses has been recognised on the finance lease receivables

(d) Financial impact of initial application of IFRS 16

The weighted average leases incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 12.5%.

The adoption of IFRS 16 had the following impact on retained earnings as at January 1 2019.

	31st December 2018	Re-measurement	1 January 2019
Retained earnings	(767,057)	(2,625)	(769,682)

- Right-of -use assets rose by D29.5 million
- Prepaid rent decreased by D1.069 million
- Lease liability increased by D26.3million

a ii. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately;
•The assumptions an entity makes about the examination of tax treatments by taxation authorities
• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits
and tax rates
• How an entity considers changes in facts and circumstances

The Bank determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.
The Bank applies significant judgment in identifying uncertainties over income tax treatments. Since the Bank operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Bank considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The tax filings of Good Bank and the subsidiaries in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Bank determined, based on its tax compliance and transfer pricing study that it is probable its tax treatments will be accepted by the tax authorities. The Interpretation did not have an impact on the consolidated financial statements of the Bank.

a iii. Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the 'SPPI' criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. Where the prepayment is made at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, the Bank assesses the specific contractual cash flows for the relevant debt instruments in order to determine whether they meet the SPPI criterion. These amendments had no impact on the consolidated financial statements of the Bank.

b. Standards issued but not yet effective

As at 31 December 2019, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2019.

IFRS 17 Insurance Contracts;
IFRS 3 Amendment – definition of Business Contracts;
IAS 1 and IAS 8 – definition of material;

Conceptual framework.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The standard is effective on 1st January 2021 but likely to be extended to 1 January 2022.

Definition of a Business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions and is effective from 1 January 2020 and applicable to reporting periods commencing on or after the given date.

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. It is effective from 1st January 2020.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;

- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

3.2 Property and Equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use." Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components)".

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Leasehold improvements	Shorter of the remaining Period of the lease or 50 years
Fixed equipment	10 years
Fixtures and fittings	5 years
Motor Vehicles	5 years
Computer hardware	3 years
Computer Software	3 years
Computer consumables	Written off in year of purchase

Gains and losses on disposal of property and equipment are determined by comparing proceeds from disposal with the carrying amounts of property and equipment and are recognised in the income statement as other income.

3.3. Intangible assets

Computer software

Intangible assets comprise computer software licences. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method

over their estimated useful economic life, Intangible assets with indefinite useful lives are not amortised. At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. The useful life for all Software is estimated at 3 years.

3.4. Post balance sheet events

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

3.5. Deposits from customers and Banks

This is mainly made up of customer deposit accounts, overnight placements by Banks and other financial institutions and medium term borrowings. They are categorised as other financial liabilities and carried in the balance sheet at amortised cost.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expenses.

(a) Restructuring

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

3.7 Financial Guarantees Contracts

Financial guarantees are initially recognised at the fair value and amortised over the life of financial guarantee. The financial guarantee is subsequently carried at the higher of the amortised amount and the present value of any expected payments, when payment becomes probable.

The carrying amounts of the Bank's non-financial assets other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit" or CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is

monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3.8 Employee Benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans, if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.9 Impairment of Non-financial Assets

The carrying amounts of the Bank's non-financial assets other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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3.10 Share Capital

Ordinary share capital

Ordinary shares are classified as equity.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Bank's option, and any dividends are discretionary. Preference share capital is classified as a liability if it does not meet the definition of equity.

3.11 Earnings per Share

The bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees. As at reporting date the Bank has no convertible notes and share options.

3.12 Dividends

Dividends are recognised as a liability in the subsequent years when it's being declared.

3.13 Acceptances and letters of credit

Acceptances and Letters of credits are considered contingent liabilities and are disclosed unless the possibility of an outflow of resources involving economic benefits is remote.

3.14. Recognition of interest income
3.14.1. The effective interest rate method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

3.14.2. Interest and similar income/expense

Net interest income comprises of, interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.
If its Interest income/expense is calculated using the effective interest method, the Bank only includes interest on those financial instruments that are set out in Note 3.14.1 above.
Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in 'Net trading income'. The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired (as set out in Note 4.1(b)) and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

3.15 Fee and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time. The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

3.16. Net trading income

Net trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded on hedging transactions.

3.17. Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non–restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

3.18. Taxes
3.18.1. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income, is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

• Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
• In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

3.19 Operating expenses

Expenses decrease in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized on an accrual basis regardless of the time of spending cash.

3.20 Leases

The Bank has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Bank as a lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• The amount expected to be payable by the lessee under residual value guarantees;
• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

• The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease

The right-of-use assets are presented as a separate line in the consolidated statement of financial position

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components

Policies applicable prior to 1 January 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Bank as a lessee

Assets held under finance leases are recognised as assets of the Bank at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Bank's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Bank as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are

added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.21. Financial instruments – initial recognition

3.21.1. Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

3.21.2. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 3.23.1 and 3.23.1.2.

Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

3.21.3. Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognized.

3.21.4. Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in Note 3.23
- FVOCI.
- FVTPL.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

3.22. Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments − Those where the inputs used in the valuation, that are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- Level 2 financial instruments − Those where the inputs used for valuation and are significant. They are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities

in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3.

• Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

The Bank periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Bank's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Bank applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. The Bank estimates the value of its own credit from market observable data, such as secondary prices for its traded debt.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

3.23. Financial assets and liabilities

Due from banks, Loans and advances to customers, Financial investments at amortised cost

The Bank measures *Due from banks*, *Loans and advances to customers* and other financial investments at amortised cost only if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

3.23.1. Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

• The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.23.1.2. The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cashflows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial
asset is required to be measured at FVPL.

Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR.

3.24. Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

3.25. Derecognition of financial assets and liabilities

3.25.1. **Derecognition due to substantial modification of terms and conditions**

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly
recognised loans are classified as Stage 1 for Expected Credit Loss (ECL) measurement purposes, unless the new loan is deemed to be Purchased or originated Credit impaired (POCI).
When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been
recorded. For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

3.25.2. **Derecognition other than for substantial modification**

3.25.2.1. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.
The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual

obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
• The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
• The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
• The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay.
In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
• The Bank has transferred substantially all the risks and rewards of the asset
Or
• The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.
When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

3.25.2.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.26. Impairment of financial assets

3.26.1. Overview of the ECL principles

The Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9. The overview of the ECL principles are further explained in Note 4.1(b).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL) as outlined in Note 4.1 (b).
The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 4.1(d)
The 12mECL is the portion of LTECLs that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy is to individually assess corporate facilities and other assets such as corporate term loans, commercial overdrafts, investments and off balance sheet items whilst the rest of the financial assets are measured on a collective basis.

3.26.2. **The calculation of ECL**

The Bank calculates ECL based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

• PD The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

• EAD The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

• LGD The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD. ECL measurement is further explained in Note 4.1(c).

4. Financial Risk Management

INTRODUCTION AND OVERVIEW

The Bank has exposure to risks arising from the use of financial instruments. Typical of such risks are as follows:

- credit risk
- liquidity risk
- market risk
- Operational risk.

These are the principal risks of the Bank. This note presents information about the Bank's exposure to these risks, including the objectives, policies and processes for measuring and managing the risks as well as their impact on earnings and capital.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability Management committee (ALCO), and the Management Credit Committee (MCC), which are responsible for developing and monitoring the Bank's risk management policies in their specified areas.

Risk Management Units

Risk Management Units (RMU) viz. Credit Risk Management Unit, Market Risk Management Unit and Operational Risk Management Unit are headed by the Chief Officer (CRO). These units are the nerve centre for collection of data, analysis of risk drivers, interpretation of outcome and its wide dissemination to relevant committees for risk management. The reports produced by constituents of RMU will bring out valuable information at individual exposure and at portfolio levels wherever relevant. RMUs are responsible for archiving of raw and derived data, reports and other analyses for building of risk models, validation, and documentation.

Internal Control for Risk Management

Internal control is a process affected by the board of directors, senior management and all levels of personnel in a Bank. It is not solely a procedure or policy that is performed at a certain point in time, but rather it is continually operating at all levels within the bank. The board of directors and senior management are responsible for establishing the appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis; however, each individual within an organization must participate in the process.

Internal Control Process

Internal Control is a continuous process affected by the Board of Directors and all the employees of the Bank are responsible in varying degrees for the effective functioning of the internal control system. Though internal control is affected at various levels throughout the bank, two major independent components from the perspective of management of risks are (1). Risk Management System and (2). Audit System.

Role of Risk Management System as part of Internal Control

Risk Management System of the Bank: Is aimed at providing assurance that core objectives of the Bank are achieved. It comprises various components such as:

- Risk Governance Structure including the roles played by Board of Directors, BCC, BRMC, Risk Committees, CRO and Risk Management Department;
- Risk Policies approved by the BOD, which spells out the Risk Appetite of the Bank and the guidelines to identify, measure, monitor, control and report the risks faced by the Bank Minor policies and procedures approved by the Risk Committees to apply the risk policies.

Risk Management system of the Bank (with its components mentioned above forming part of the control environment in the Bank) will perform the internal control process as a day-to-day activity throughout the bank by implementing the risk policy guidelines approved by the BOD for identifying, measuring, monitoring, controlling and reporting risks.

Audit System

The role of Audit System is to provide an independent assurance to the BOD that risk management function is effectively carried out to fulfill its stated objectives; it is neither to replace risk management function nor to substitute it in any manner. Audit System of the Bank comprises the Audit Committee of the BOD and Internal Audit Department reporting to Audit committee.

Internal Audit will play a critical role in Internal Control for Risk Management. Wherever necessary, the bank will utilize the services of external auditors to perform an independent assessment of the Risk Management System.

RISK APPETITE

Risk Appetite should be subject to frequent review depending on dynamics of business of the bank. However, they should be reviewed at least once annually by the Board of Directors (BOD). More dimensions can be added, or existing dimensions dropped to ensure that Risk Appetite is a valid tool in the hands of the BOD in conveying the banks' tolerance to accepting risks.

CAPITAL POLICY

Capital policy is an important segment of ERM policy as it relates to and supports the Bank's strategy of retention of risks and its response in the form of maintenance of different forms of capital. Maintenance of optimal levels of capital is significantly important not only to meet regulatory requirements but also to enable adequate returns to be earned on the capital.

RISK IDENTIFICATION

Risk identification section of the policy addresses identification of risks at the level of major risk streams namely:

- Credit risk in the Banking Book;
- Market risk in the Trading Book;
- Credit concentration risk across Trading & Banking Books;
- Operational risk across the Bank;
- Interest rate risk in the Banking Books;
- Liquidity risk across Trading and Banking Books;
- Strategic Risk across the bank;
- Reputation Risk across the bank.

4.1 Credit Risk

In general, the Risk and Management Control function shall establish and maintain appropriate structures and frameworks for administration of the bank's risk asset portfolio and individual risk exposures. The Risk Management Framework shall enable ongoing administration of credit risk bearing portfolios, monitor the condition and performance of individual credits, develop and utilize internal performance rating systems in managing individual exposures.

Effective risk management requires proper identification and understanding of the credit risks. Credit risk is most simply defined as the potential that a bank borrower or counter party will fail to meet obligations in accordance with agreed terms.

4.1a Credit Risk Management

The Board of Directors of the bank shall be responsible for articulating and reviewing on an ongoing basis the overall risk strategy and risk policies of the bank that outline clearly the risk appetite and return preferences that will govern the creation and management of risk assets in the bank. Specifically, the Board shall be responsible to:

- Approve the Bank's overall risk tolerance in relation to credit risk based on the recommendation of the Chief Risk and Compliance Officer;
- Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through quarterly review of various types of credit exposure;
- Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function;
- Ensure that the Bank implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk;
- Ensure that detailed policies and procedures for credit risk exposure creation, management and recovery are in place; and
- Appoint Credit Approval Officers and delegate approval authorities to individuals and committees.

The Board Credit committee shall under delegated authority be responsible for the following:

- Facilitate the effective management of credit risk by the Bank;
- Approve credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the Management Credit Committee (MCC) ;
- Approve definition of risk and return preferences and target risk portfolio;
- Approve the Bank's credit rating methodology and ensure its proper implementation;
- Approve credit risk appetite and portfolio strategy;
- Approve lending decisions and limit setting;
- Approve new credit products and processes;

- Approve assignment of credit approval authority on the recommendation of the Management Credit Committee (MCC) ;
- Approve changes to credit policy guidelines on the recommendation of the Management Credit Committee (MCC);
- Approve credit facility requests and proposals within limits defined by Access Bank Plc.'s credit policy and within the statutory requirements set by the regulatory/ supervisory authorities;
- Recommend credit facility requests above stipulated limit to the Board;
- Review credit risk reports on a periodic basis;
- Approve credit exceptions in line with Board approval; and
- Make recommendations to the Board on credit policy and strategy where appropriate.
  The Management Credit Committee shall be responsible for managing credit risks in the Bank. The members of the committee shall include all Group heads and Head, Credit Risk.

4.1(b) Impaired loans and securities

Overview of the ECL principle

From 1 January 2018, the Bank assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Staging Assessment

The Bank has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank categorizes its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When a financial instrument is first recognized, the Bank recognizes an allowance based on 12 months ECLs. Stage 1 also includes financial instruments where the credit risk has improved, and the financial instrument has been reclassified from Stage 2.

Stage 2: • When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the Lifetime ECLs. Stage 2 financial instruments also include instances where the credit risk has improved, and the financial instrument has been reclassified from Stage 3.

Stage 3: Financial instruments considered credit-impaired. The Bank records an allowance for the Lifetime ECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial Recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Measuring the Expected Credit Loss

When estimating the ECLs, the Bank considers three scenarios (optimistic, best-estimate and downturn) and each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. The 12-months and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

• For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

• For unsecured products, LGD's are typically set at product level due to the limitation in recoveries achieved across different borrower. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The Bank has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Bank's previous accounting policy. Until 31 December 2017, the Bank applied the following accounting policy on its financial assets and financial liabilities below:

The mechanics of the ECL method are summarized below:

• Stage 1: The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

• Stage 3: For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

• POCI: Purchase or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.

• Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognized within Provisions.

• Financial guarantee contracts:
The Bank's liability under each guarantee is measured at the higher of, the amount initially recognized less cumulative amortization recognized in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognized within Provisions.

Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative Criteria:

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognized.

Deterioration in the credit rating of an obligor either based on the Bank's internal rating system or an international credit rating. However, the downgrade considers movement from a grade band to another e.g. Investment grade to Standard.
The Bank also considers accounts that meet the criteria to be put on the watch list bucket to have significantly increased in credit risk.

Qualitative criteria:

For Retail loans, if the borrower meets one or more of the following criteria:
• In short-term forbearance
• Direct debit cancellation
• Extension to the terms granted
• Previous arrears within the last [12] months

For Corporate portfolio, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:
• Significant increase in credit spread
• Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
• Actual or expected forbearance or restructuring
• Actual or expected significant adverse change in operating results of the borrower
• Significant change in collateral value (secured facilities only) which is expected to increase risk of default
• Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all Retail financial instruments held by the Bank. In relation to Wholesale and Treasury financial instruments, where a Watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a yearly basis. The criteria used to identify SICR are monitored and reviewed yearly for appropriateness by the independent Credit Risk team.

Qualitative criteria
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

• The borrower is in long-term forbearance;
• The borrower is deceased;
• The borrower is insolvent;
• The borrower is in breach of financial covenant(s);

• An active market for that financial asset has disappeared because of financial difficulties;
• Concessions have been made by the lender relating to the borrower's financial difficulty.

• It is becoming probable that the borrower will enter bankruptcy
• Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

Incorporation of forward looking information and macroeconomic factors

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs. The macroeconomic variables considered for the adjustment of the probabilities of default are listed below:

- Inflation,
- Interest rates,
- Exchange rates (USD/NGN), and
- Monetary Policy rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a yearly basis.
To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external values.

Collateral repossessed

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Credit concentrations

Our credit concentration aggregate exposure is depicted here under the defined aggregation by economic sectors. An analysis of concentration of credit risk as at 31st December 2019 and 2018 is set out below:

Loans and Advances to Customers	2019	2018
Concentration by Sector:	D'000	D'000
Financial Institutions	1,011	960
Building and Construction	4,080	4,986
Transportation	4,026	-
Manufacturing	-	-
Education	-	-
Agriculture	-	-
Distributive Trade	7,153	22,981
Oil and Gas	3,125	36,761
Government	158,914	9,850
Services and Others	-	-
Gross amount	178,309	75,538
Impairment	(308)	(843)
Net Loans	178,001	74,695

Credit Quality

31st December 2019	Gross Amount	Stage 1 12 - month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Carrying Amount
	D'000	D'000	D'000	D'000	D'000
Loans and Advances to Customers					
Individuals					
- Overdrafts	10,367	-	34	95	10,238
- Term loans	39,861	176	-	-	39,685
Corporates					
- Overdrafts	16,034	3	-	-	16,031
- Term loans	112,047	-	-	-	112,047
	178,309	179	34	95	178,001
31st December 2018					
Individuals					
- Overdrafts	264	-	-	-	264
- Term loans	5,769	413	-	-	5,356
Corporates					
- Overdrafts	17,877	-	-	-	17,877
- Term loans	56,555	430	-	-	56,125
	80,465	843	-	-	79,622

Loans and Advances to Customers	2019	2018
	D'000	D'000
Performing Loans	173,956	79,849

Non-Performing Loans	**4,353**	616
Gross amount	**178,309**	80,465
Impairment	**(308)**	(843)
Net Loans	**178,001**	79,622

Description of Collateral held

Potential credit losses by given loans are mitigated using a range of tools including collateral securities, insurance bonds and policies as well as different forms of guarantees. We assess the degree of reliance that can be placed on these credit risk mitigates carefully in the light of issues such as legal enforceability, market valuation, correlation with exposure and the counter party risk of the guarantor.

Credit Collateral Guidelines

To minimize the risk of credit loss to the bank in the event of decline in quality or delinquency, there shall be requirement for appropriate collateralisation of all credit exposures. Guidelines for acceptability of credit collateral shall be approved by the Management Credit Committee and shall include clear unambiguous articulation of:

- Acceptable collateral in respect of each credit product including description, location restrictions in respect of landed property, guidelines in respect of minimum realizable value of such collateral;
- Required documentation /perfection of collateral
- Conditions for waivers of collateral requirement and guidelines for approval of collateral waiver
- Acceptability of cash and other forms of collateral denominated in foreign currency.

Collateral Acceptability

The guiding principles behind collateral acceptability are adequacy and reliability. Collateral acceptable as security in respect of approved credit exposures shall include:

- Mortgage on Landed Property
- Cash Deposit
- Stocks/Share Certificates of quoted blue chip companies
- Guarantees
- Charge on assets (Fixed and/or Floating)
- Shipping Documents (for imports)
- Negative Pledges
- Bankers' Acceptance
- Life Assurance Policies
- Lien on Asset being financed
- Tripartite Field Warehousing Agreement
- Stock Hypothecation

The following table indicates the credit exposures by class and value collateral (refer to collateral management policy above)

Loans & Advances to customers	**Collateral Value 2019**	Collateral Value 2018
	D'000	D'000
Property	**86,710**	81,807
Others	**82,006**	126,105
TOTAL	**168,716**	207,912

Repossessed collateral

Properties amounting to GMD 208,000,000 in 2019 and GMD196, 000,000 were repossessed from the previously written off loan relating to Seaview. These are yet to be released as the bank is still selling the properties.

GMD 30,000,000 collateral was released during 2019 which relates to Global Property whose facility was fully paid.

4.2 LIQUIDITY RISK

Making sure the risk of loss to earnings and capital arising from banks inability to meet its obligations when they become due, without incurring unacceptable loss is paramount in our business as a bank. The ALM Unit of the bank is created with mandate to coordinate the bank's funding requirements, handle liquidity management across all currencies, in ensuring that there is sufficient liquidity to meet obligations under both normal and stress conditions on a sustainable manner. It also implements interest rate risk programs for the Assets and Liabilities ("ALCO"); and assist with profit planning, and financial decision making.

4.2(a) Management of Liquidity Risk

Liquidity risk is defined as the risk of loss to earnings and capital arising from banks inability to meet its obligations when they become due, without incurring unacceptable loss. This risk arises on the bank when it is not perceived as having sufficient cash, at one or more future periods of time, to meet its requirements

Liquidity management is the responsibility of the Assets and Liabilities Committee (ALCO) which includes the liability and asset generating units (market facing) and Treasury Unit, whose rresponsibility among others is pursuance of an effective Asset and Liability Management strategy which is in line with Access Bank and international best practice standards. Regular meetings of ALCO are held on a bi-weekly basis, during which the Bank's liquidity is evaluated and, subsequently, decisions are taken based on the current state of affairs.

Potential withdrawals are expected on daily basis on the Bank from its portfolio of current accounts, maturing investments, savings accounts, approved loan and overdraft commitments and guarantees. In line with sound financial management, the Bank does not maintain idle pool of cash to meet all of these needs. It creates a contingency funding window such as setting limits on the minimum proportion of maturing funds available to meet such calls, use of interbank funding, other borrowing facilities, and worse case rediscounting short term investment instruments to cover withdrawals at unexpected levels of demand.

Different balance sheet items on the asset side are brought into relation with liability side. The relationship is based on whether assets are liquid or illiquid and whether their funding is stable or sticky (volatile). The Bank's liabilities (customer deposit) bear no specific maturity date and are payable on demand. The few customer deposits maintained on fixed terms all matures with a maximum period of one year. This means the undiscounted cash flows are not materially different from the discounted ones. The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, the net liquid assets are considered as cash and cash equivalents, balances maintained with the Central Bank of The Gambia, investment in securities (Treasury Bills), Placements with other banks, deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

Details of the reported ratio of net liquid assets to customer deposits at the reporting date and during the reporting period were as follows:

	31st December 2019	31st December 2018
Liquidity Ratio	**118%**	119%
Highest ratio for the year	**126%**	124%
Average ratio for the year	**118%**	128%
Lowest ratio for the year	**108%**	111%

4.2(b) Funding Diversification

The bank's funding sources are mainly from retail, commercial and corporate deposits. There was concentration with a particular customer which accounts for over 25% of total deposit. The funds were deliberately returned to avoid concentration in line with the Bank's approved limit on concentration as well as to reduce Cost of Funds (COF)

The ALM Unit is also charged with maximizing returns on the bank's overall balance sheet and with the responsibility of ensuring that the bank achieves and remain compliant with the relevant regulatory requirements and/or other prudential guidelines.

More importantly, the ALM Unit shall be responsible for taking interest rate risks - in line with risk limits on behalf of the bank. Therefore, interest rate risk taking activities i.e. current or prospective risk to earnings and capital arising out of adverse changes in interest rates (including all off-balance sheet items) will be concentrated within the ALM Unit. The newly created unit will monitor the activities of Treasury and presents independent reports to the Managing Director/CEO.

It is also the responsibility of the unit to strike a balance in the deposit mix of the Banks total deposit portfolio. The current account should contribute 40% of bank wide deposit, 30% savings and 30% Term Deposit. The unit should determine to re-price downward the expensive funds it carries with a view to reduce cost of funds to a level where the NRFF can cover operating expenses.

The bank currently has over USD275, 500 dollars in the nostros. Given the low rate of interest paid on deposits by western economies particularly UK and the US, Treasury has introduced Same Day Value on US Dollar Foreign Currency Shipment at a cost of 0.75% - 0.45%. On the GBP deposit, we will explore arbitrage opportunities but strictly on back to back basis so as to avoid any possible foreign exchange risk. Since this is only possible with liquidity, treasury will push with marketing teams to improve liquidity in the system by either increasing deposits or record significant recoveries from the Bank's sticky loans and overdrafts.

- Responsible for pursuance of an effective Asset and Liability Management strategy which is in line with Access Bank and international best practice standards.
- To ensure full compliance with local regulation in line with the Bank's zero tolerance principle for sanctions.
- Chief Dealer – directly responsible for all foreign currency transactions.
- Financial planning, projections and monitoring of foreign currency and interest rates (including activities of international capital markets).
- Deepen interbank market activities.
- Tracking maturity profiles of Letters of Credit and Tenured funds
- Work closely with marketing heads in disbursement of credits to customers
- Advisory services on foreign exchange transactions
- Marketing strategies on increasing counterparty base for foreign exchange source as well as deepening existing relationships.
- Actively engage and collaborate with regulators, policy makers and other relevant institutions across the country and the Group Office in order to drive and influence regulatory changes and introduce new products in the market.
- To give directions in deploying the bank's liquidity in the most efficient manner and in a diversified portfolio that maximizes return in a risk controlled environment.
- To ensure daily review of trading blotters of both foreign exchange and local currency to make sure we are not in breach and the blotter is in agreement with the system always.
- Daily computation of funding threshold to determine optimal funding/utilization requirements.
- To conduct monthly meeting and review on changes in regulation and business environment;
- To conduct training of Treasury staff with particular attention to ACI.

- To conduct periodical on site visits to all branches to confirm compliance with policies and regulations;
- To conduct quarterly and half-yearly review and strategic sessions with the entire members of the bank
- To coordinate the bank's funding requirements, handle liquidity management across all currencies.
- To maintain and monitor interest rate risk programs for the Assets and Liabilities ("ALCO"); and assist with profit planning, and financial decision making.
- To present to ALCO the bank's performance at the Group Office in Lagos on bimonthly basis.
- To maximize returns on the bank's overall balance sheet and with the responsibility of ensuring compliant with the relevant regulatory requirements and/or other prudential guidelines.
- It is also the responsibility of the unit to strike a balance in the deposit mix of the Banks total deposit portfolio.
- Currently, the Fixed Income Desk is focused on the trading of Treasury Bills issued by or on behalf of the Central Bank of The Gambia.
- To ensure timely rendition of daily, weekly, biweekly, monthly and quarterly reports to both the Central Bank of The Gambia and Group Office.

4.2 (c) Maturity Analyses

The table below analyses financial liabilities of the bank into relevant maturity groupings based on the remaining period at statement of financial position to the contractual maturity date. Transactions in discounted instruments of more than 1 year are very insignificant.

The table includes both principal and interest cash follows:

31. December 2019

	1 - 3 months	4 - 6 months	7 -12 months	Total
	D'000	D'000	D'000	D'000
Financial Liabilities				
Deposits from banks				
Deposit from customers	1,313,834	127,770	304,165	1,745,769
Other Liabilities	93,388			93,388
Total Financial Liabilities	**1,407,222**	**127,770**	**304,165**	**1,839,157**

31. December 2018

	1 - 3 months	4 - 6 months	7 -12 months	Total
	D'000	D'000	D'000	D'000
Financial Liabilities				
Deposits from banks	-	-	-	-
Deposit from customers	951,214	117,761	204,914	1,273,889
Other Liabilities	116,242	-	-	116,242
Total Financial Liabilities	1,067,456	117,761	204,914	1,390,131

4.3 MARKET RISK

The bank may be exposed to market risk in a variety of ways. Market risk exposure may be explicit in portfolios of securities / equities and instruments that are actively traded. Conversely, it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off balance sheet items. The objective of management of our market risk is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

4.3(a) Management of Market Risk

The bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the corporate banking unit, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Bank Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

Table below summarizes the Bank's exposure to foreign currency exchange risk as at 31st December 2018 and 2019.

31. December 2019	USD	GBP	Euro	Dalasi	Total
	D'000	D'000	D'000	D'000	D'000
Financial assets					
Cash and cash equivalents	396,757	37,909	174,797	98,679	708,142
Investment	-	-	-	1,288,809	1,288,809
Loans and Advances	-	-	-	178,001	178,001
Other Assets	-	-	-	169,134	169,134
Total Assets	**396,757**	**37,909**	**174,797**	**1,734,623**	**2,344,086**
Financial Liabilities					
Deposit from banks					
Deposit from customers	226,271	11,924	99,304	1,408,270	1,745,769
Other Liabilities	-	-	-	93,388	93,388
Total	**226,271**	**11,924**	**99,304**	**1,501,658**	**1,839,157**

31. December 2018	USD	GBP	Euro	Dalasi	Total
	D'000	D'000	D'000	D'000	D'000
Financial assets					
Cash and cash equivalents	272,382	119,780	195,770	46,095	634,027
Investments	-	-	-	1,039,286	1,039,286
Loans and Advances	-	-	-	79,622	79,622
Other Assets				134,784	134,784
Total Assets	**272,382**	**119,780**	**195,770**	**1,299,787**	**1,887,719**
Financial Liabilities					
Deposit from banks	-	-	-	-	-
Deposit from customers	153,019	11,666	80,844	1,028,360	1,273,889
Other Liabilities	-	-	-	106,423	106,423
Total	**153,019**	**11,666**	**80,844**	**1,134,783**	**1,380,312**

4.3(b) Foreign Exchange Risk

The bank's exposure to foreign exchange risk is largely concentrated in US dollars. Movement in the exchange rate between the US dollar and the Gambian Dalasi affects reported earnings through revaluation gain or loss and the statement of financial position through an increase or decrease in the revalue amounts of financial assets and liabilities denominated in US dollars.

4.3(c) Interest Rate Risk

The table below summarizes the Bank's interest rate gap position on non-trading portfolios:

31. December 2019	Carrying amount	Variable interest	Fixed interest	Non-interest Bearing
	D'000	D'000	D'000	D'000
Financial assets				
Cash and cash equivalents	708,142			708,142
Loans and Advances	178,001	178,001		
Investments	1,288,809	-	1,288,809	
Other Assets	169,134	-		169,134
TOTAL	**2,344,086**	**178,001**	**1,288,809**	**877,276**
Financial Liabilities				
Deposits from banks				
Deposit from customers	1,745,769	-	847,013	898,756
Other liabilities	88,177	-	30,265	57,912
TOTAL	**1,833,946**	**-**	**877,278**	**956,668**

31. December 2018	Carrying amount	Variable interest	Fixed interest	Non-interest Bearing
	D'000	D'000	D'000	D'000
Financial assets				
Cash and cash equivalents	634,027	-	215,014	419,013
Loans and Advances	79,622	-	79,622	-
Investments	1,039,286	-	1,039,286	-
Other Assets	134,784	-	-	134,784
TOTAL	**1,887,719**		**1,333,922**	**553,797**
Financial Liabilities				
Deposits from banks	-	-	-	-
Deposit from customers	1,273,889	-	565,557	708,332
Other liabilities	116,242	-	-	116,242
TOTAL	**1,390,131**	-	**565,557**	**824,574**

The Bank retains the right to vary all interest in Loans and Advances when there is a significant change in the rediscount rates. All contracted loans are structured with such provision.

Total interest re-pricing gap

The re-pricing gap details each time the interest rates are expected to be re-contracted:

- For a fixed rate instrument, it is on maturity
- For variable rates linked to prime, it is the date prime is next expected to change unless the instrument is expected to mature sooner
- For non-interest bearing items it is not included in the table.

31st December 2019						
	1 - 3 Months	4 - 6 months	7 -12 months	1 - 5 years	More than 5 years	**Total rate Sensitive**
	D'000	D'000	D'000	D'000	D'000	**D'000**
Financial assets						
Cash and cash equivalents	708,142	-	-	-	-	**708,142**
Investments	103,114	398,629	512,457	274,609	-	**1,288,809**
Loans and Advances	51,396	1,031	4,024	121,550	-	**178,001**
Other Assets	169,134	-	-	-	-	**169,134**
Total Assets	**1,031,786**	**399,660**	**516,481**	**396,159**	**-**	**2,344,086**
Deposit from banks	-	-	-	-	-	-
Deposit from customers	1,213,112	199,002	333,655	-	-	**1,745,769**
Other liabilities	88,177	-	-	-	-	**88,177**
Total	**1,301,289**	**199,002**	**333,655**	**-**	**-**	**1,833,946**

31st December 2018						
	1 - 3 Months	4 - 6 months	7 -12 months	1 - 5 years	More than 5 years	**Total rate Sensitive**
	D'000	D'000	D'000	D'000	D'000	**D'000**
Financial assets						
Cash and cash equivalents	634,027	-	-	-	-	634,027
Investments	160,707	376,872	422,720	78,987	-	1,039,286
Loans and Advances	22,708	1,278	315	45,471	9,850	79,622
Other Assets	18,666	-	-	116,118	-	134,784
	836,108	**378,150**	**423,035**	**240,576**	**9,850**	**1887,719**
Deposit from banks						
Deposit from customers	1,003,816	66,671	203,402	-	-	1,273,889
Other Liabilities	116,242	-	-	-	-	116,242
Total	**1,120,058**	**66,671**	**203,402**	**-**	**-**	**1,390,131**

The above favourable and unfavourable changes are calculated independently from each other. Correlations and diversification effects are not taken into account.

4.3(d) **Fair valuation methods and assumptions**

- **Cash and balances with Central Bank**

Cash and balances with Central Bank represent cash held with Central Bank of the Gambia

- **Treasury Bills**

  Treasury Bills represents short term instruments issued by the Central Bank of The Gambia. The fair value of treasury bills are determined with reference to quoted prices (unadjusted) in active markets for identical assets. They are valued using prices of individual securities at the reporting date. The positions were market-to-model at 31 December 2019 and 2018 based on yields of identical assets.

- **Loans and advances to customers**

  Loans and advances are carried at amortized cost net of impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

- **Other assets**

  Other assets represent monetary assets which usually have a short recycle period and as such the fair values of these balances approximate their carrying amounts.

- **Deposits from Banks and Customers**

  The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits are the amount repayable on demand. The estimated fair values of fixed interest-bearing deposits and borrowings would be determined using a discounted cash flow model based on a current yield curve appropriate to the remaining term to maturity.

4.4 OPERATIONAL RISK MANAGEMENT

Access Bank (G) Limited bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the bank.

The Operational risk framework should not merely be Basel-compliant; it should also provide the bank with mechanisms for improving overall risk culture and behaviour towards operational risk management.

Understanding our risks should lead to better decision making and reflect in our performance. A robust operational risk management framework is made up of the following core components:

a) **Corporate Governance -** sets the precedence for Strategy, Structure and Execution.
b) **Strategy** drives the other components within the management framework and provides clear guidance on risk appetite or tolerance, policies, and processes for day-today risk management.
c) **Appetite and Policy:** Adopting an operational risk strategy aligned to risk appetite, leads to informed business and investment decisions.
d) **Clear Definition & Communication of Policy -** a strategic policy at the board level to focus on managing risk all levels and conscious efforts is made to ensure that these policies are communicated at all levels and across entire value chain.
e) **Periodic Evaluations Based on Internal & External Changes:** reviews the strategic policies inside out periodically evaluating the ORM performance goals in the light of internal and external factors.

4.4(a) CAPITAL MANAGEMENT

Inadequate planning of capital and funding needs is an obstacle to implementing strategic decisions and can have a disruptive effect on the Bank's operations and its ability to meet strategic goals and objectives. As such, the Bank views planning and capital management as a crucial element of the strategic planning process. The Bank's objectives when managing capital are;

a. To comply with the capital requirements set by the regulators of the banking industry
b. To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefit for other stakeholders and
c. To maintain a strong capital base to support the development of business

The bank's monitors its capital by determining the Capital Adequacy ratio weekly. Capital Adequacy is determined based on the guidelines developed by Central Bank of the Gambia which was developed on the Basel accord. Banks are required to file with the Central Bank the Capital Adequacy ratio at the end of each quarter. As at the reporting date, Central Bank required Banks to maintain regulatory minimum capital of D200m and a ratio of total regulatory capital to the risk-weighted asset and off-balance sheet assets at or above 10%.

The Bank's regulatory capital is managed by Financial Control unit and capital is classified along Tier 1 and Tier 2.

Tier 1 Capital which includes ordinary share capital, share premium, retained earnings, reserves created by appropriations of related earnings and reserves arising from deposit for shares made by shareholders.

Tier 2 Capital which includes fair value reserve relating to unrealized gains on equity instruments classified as available-for-sale and revaluation reserves on property and equipment. As at the reporting date, the Bank has no Tier 2 capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses. The Central Bank provides guidance on the measurement.

The Bank complied with all regulatory capital requirement with the period contained in this financial statement.
Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. Other

deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

The table below summarizes the composition of regulatory capital and the ratios of the Bank for the 2019 and 2018.

	31-Dec-19	31-Dec-18
	D'000	D'000
Tier 1		
Share Capital	**586,812**	586,812
Share Premium	**628,943**	628,943
Income Surplus	**(762,752)**	(767,057)
Statutory Reserves	**50,218**	47,769
Other Reserves	**-**	(171)
Total Tier 1 capital (Net of CRR)	**503,221**	496,296
Credit Risk Reserves	**1,708**	1,292
Total regulatory capital	**504,929**	497,588
Assets		
Cash and cash equivalents	**708,142**	634,027
Investments	**1,288,809**	1,039,286
Loans and Advances	**178,001**	79,622
Property, Plant and Equipment and Right of use Assets	**135,185**	103,090
Intangible Assets	**12,307**	13,029
Other Assets	**21,642**	18,277
Deferred Tax Asset	**-**	388
Total Assets	**2,344,086**	1,887,719
Contingent	**30,979**	53,337
Total Assets and Contingent	**2,375,065**	1,941,056
Total regulatory capital expressed as a percentage of risk weighted assets	**119%**	111%
Total Tier 1 Capital expressed as a % of Risk-assets	**119%**	111%
Minimum required by Central Bank	**200,000**	200,000

Total Capital excluding Credit Risk Reserves is D503, 221,000. This is against a total risk-weighted asset of D600,667,000 as at 31st December 2019 gives a Capital Adequacy Ratio of 83%.

4.4(b) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by bank Risk and Credit, and is subject to review by the bank Credit Committee or ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the bank to particular operations or activities, it is not the sole basis used for decision making. Consideration also is made of synergies with other operations and activities, the availability of management and other resources, and the capability of the activity with the bank's longer term strategic objectives. The bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Use of estimates and judgments

Management discussed with the Audit and Risk Committee the development, selection and disclosure of the bank's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

5.1 Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(i) (vi).

The individual counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar credit characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters are used in determining collective allowances.

5.2 Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(i)(v). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and

requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

5.3 Critical accounting judgements in applying the bank's accounting policies

Critical accounting judgements made in applying the Bank's accounting policies include:

Financial asset and liability classification
The bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", the Bank has determined that it meets the description of trading assets and liabilities set out in accounting policy 3(k).
- In designating financial assets or liabilities at fair value through profit or loss, the bank has determined that it has met one of the criteria for this designation set out in accounting policy 3(i) (vii).

Details of the bank's classification of financial assets and liabilities are given in note 4.3.

5.4 Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5.5 Effective Interest Rate (EIR) method

The Bank's EIR method, as explained in Note 3.14, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgment regarding the expected behaviour and life-cycle of the instruments, as well expected changes to Goodland's base rate and other fee income/expense that are integral parts of the instrument.

5.6 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Although in Goodland tax losses can be utilised indefinitely, judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies (see Note 3.18.2).

5.7 Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

5.8 Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

7. Operating segments

*Segment information is presented in respect of the bank's business segments. The primary format, business segments, is based on the bank's management and internal reporting structure.
*Business segments pay and receive interest to and from the Central Treasury on an arm's length basis to reflect the allocation of capital and funding costs.
*Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

6.1 Business segments

The bank comprises the following main business segments:

- Retail Banking Provides banking services to our retail customers, including High Network Individuals (HNIs)
- Corporate Banking Provides financing and investment solutions to our corporate and institutional clients.
- Commercial Banking Provides banking services to small and Medium seize Enterprises.
- Public Sector Provides banking services to government institutions, Multinational and Non-Governmental Organisations (NGOs)
- Treasury Provide the bank's foreign exchange services to all customers of all the business segments.

Business segments 2019

In thousands of local currency	Commercial Banking	Public Sector	Corporate/Treasury Banking	Unallocated segments	Retail Banking	Total
Revenue:						
Derived from external customers	17,883	18,525	55,257	9,998	20,741	122,404
Interest expenses	(2,063)	(13,569)	(7,857)	(9,121)	(5,176)	(37,786)
Net interest income	**15,820**	**4,956**	**47,400**	**877**	**15,565**	**84,618**
Impairment write back on Financial Assets	150	-	-	7,576	(1,094)	6,632

Non-Interest Income	6,733	1,802	18,851	16,882	2,710	46,978
Total Expenses	(20,052)	(18,660)	(48,326)	(16,388)	(13,600)	(117,026)
Profit on Ordinary Activity	**2,651**	**(11,902)**	**17,925**	**8,947**	**3,581**	**21,202**
Income tax expense	(985)		(5,641)	(3,314)	(1,467)	(11,407)
Profit after tax	**1,666**	**(11,902)**	**12,284**	**5,633**	**2,114**	**9,795**
Other segment information:						
Assets and liabilities:						
Tangible segment assets	301,117	477,310	852,334	67,495	645,831	2,344,087
Total assets	**301,117**	**477,310**	**852,334**	**66,589**	**645,831**	2,344,087
Segment Dep. Liabilities	226,551	359,113	641,269	32,934	485,902	1,745,769
Other Liabilities	**-**	**-**	**-**	**-**	**-**	**93,388**
Total liabilities	**226,551**	**359,113**	**641,269**	**33,934**	**485,902**	**1,839,157**

Business segments 2018

In thousands of local currency	Commercial Banking	Public Sector	Corporate/ Treasury Banking	Retail Banking	**Total**
Revenue:					
Derived from external customers					
Total Revenue	**13,943**	**14,990**	**59,861**	**21,979**	**110,773**
Interest expenses	(3,041)	(10,609)	(16,090)	(4,209)	(33,949)
Net interest income	**10,902**	**4,381**	**43,771**	**17,770**	**76,824**
Non-Interest Income	**7,331**	**2,750**	**39,740**	**5,844**	**55,665**
Total Expenses	**(21,945)**	**(18,769)**	**(57,939)**	**(19,145)**	**(117,798)**
Profit on Ordinary Activity	**(3,712)**	**(11,638)**	**25,572**	**4,469**	**14,691**
Impairment on Loans and Advances	-	-	-	-	**31,787**
Income tax expense	-	-	-	-	**(11,956)**
Profit after tax	**(3,712)**	**(11,638)**	**25,757**	**5,634**	**34,552**
Other segment information:					
Assets and liabilities:					
Tangible segment assets	319,288	321,193	709,622	537,616	1,887,719
Total assets					
Total liabilities	**297,888**	**197,155**	**485,961**	**409,127**	**1,390,131**

Accounting policies on the notes to the accounts also apply to the segments.

7. Major Breakdowns to the financial statement

7.1 Interest income

In Thousands of D	2019	2018
Interest on loans	**20,265**	15,276
Interest on T/Bill, Bond and Placement	**102,139**	95,497
Total Interest Income	**122,404**	110,773

7.2 Interest expense

In Thousands of D	2019	2018
Interest expense- Current Account	**230**	445
Interest expense- Savings	**4,321**	3,694
Interest expense- Fixed deposit	**30,059**	25,947
Interest expense- others	**3,176**	3,863
Total Interest Expense	**37,786**	33,949

7.3 Net fee and commission income

In Thousands of D	2019	2018
Fees, commission and other income		
Commission on Turnover	**8,323**	9,735
Commission on Money transfers	**3,674**	3,950
Maintenance Fees	**3,898**	3,381
Facility fees	**1,640**	949
Other commission	**10,619**	10,923
Corresponding and Bank Charges	**(658)**	(613)
CBG Licensing fees	**(1,400)**	-
Clearing and Transfer Charges	**(3,556)**	(264)
TOTAL Net Fees and Commissions Income	**22,540**	28,061

7.4 Net trading income

In Thousands of D	2019	2018
Exchange gains on foreign currency trading	**23,694**	25,694
Total net trading income	**23,694**	25,694

7.5 Other operating income

In Thousands of D	2019	2018
Rent Received	**744**	1,215
Other Income	**-**	695
Total other operating income	**744**	1,910

7.6 Personnel expenses

	2019	2018
Staff Wages and Salaries	**8,159**	6,258
Staff Allowances	**24,511**	25,746
Staff Medical Allowance	**1,582**	1,356
Staff expatriate allowance	**6,302**	10,256
Contribution to Social Security	**728**	779
Total Employees Benefit	**41,282**	44,395

7.7 Income Tax

7.7(a) Income Tax Expense

Income tax expense includes the following:

In Thousands of D	2019	2018
Current tax		
current income tax	**6,439**	13,395
Adjustment in respect of current income tax of prior years	**-**	-
Deferred tax		
Relating to origination and reversal of temporary differences	**4,968**	(1,439)
	11,407	11,956

7.7(b) Income Tax Liability

In Thousands of D	2019	2018
Opening	**9,819**	(2,784)
Income tax charge	**6,439**	13,395
Tax Paid	**(14,924)**	(10,722)
Prior year's (over)/under provision	**(90)**	9,930
Total tax liability	**1,244**	9,819

7.8 Administration and general expenses

In Thousands of D	2019	2018
Advertisement expenses	**674**	595
Branding expense	**32**	-
Business promotions	**538**	155
Media relations	**36**	-
Sponsorship corporate	**50**	-
Charities & donations	**14**	25
Entertainment expenses	**22**	89
Year-end corporate gift	**219**	
Year-end events	**14**	191
Local training expenses	**411**	137
Overseas training expenses	**754**	437
Trade group membership subscription	**389**	59
Local travels - lodging & passage	**121**	111
Foreign travels-lodging & passage	**4,846**	6,403
Guest house expenses - others	**1**	20
Computer stationery	**33**	47
Pre-printed stationery	**964**	1,007
Other stationery	**389**	464
Office provisions	**258**	328
Telephone expenses - office	**636**	1,155
Communication expenses	**2,007**	4,302
Software maintenance Contract	**6,697**	2,972
E-business & value card	**6,483**	4,577
Mail mgmt. services	**10**	4
Swift maintenance charges	**450**	481
Other IT consumables	**235**	409
Audit fees	**805**	787
Cash shipment services	**5,101**	4,928
Security expenses account	**1,511**	1,139
Insurance - motor vehicles	**368**	237
Insurance – operational	**294**	342
Insurance – fire, burglary etc.	**98**	152
Newspapers & periodicals	**23**	32
Consultancy fees	**479**	102
Legal fees & charges	**224**	831
Recovery expense	**3**	152

Other expenses	**2926**	1,351
Rates - lga & others	**1,405**	1,728
Rents - office premises	**340**	5,198
Rents - residential premises	**737**	734
Rep. & maintenance. - computer equipment	**137**	186
Rep. & maint. - generator diesel	**1,471**	2,021
Rep. & maint. - generator	**184**	273
Rep. & maint. - office Equip. & fitting	**559**	521
Rep. & maint. - office premises	**788**	501
Rep. & maint. - ATM machine	**902**	-
Rep. & maint - residential premi	**315**	387
Veh. Maint. - motor fuel & oil	**1,315**	2,061
Veh. Maint. - servicing & repair	**409**	481
Veh. Maint. - license & others	**17**	10
Utilities – electricity	**4,018**	4,024
Utilities – cleaning	**531**	663
Board expenses - directors fees	**1,128**	967
Other board expenses	**1,245**	1,166
CBG penalty	**-**	-
Uncapitalised asset expenses	**6**	-
Fraud and defalcations	**94**	-
Cash shortages	**63**	-
Total	**53,779**	54,942

Administrative expenses include expenses relating to short-term leases of D737,000 under rent - residential premises and two leases of low-value assets of D340,000 reporting under Rent office premises.

7.9 Dividend per share

The Directors do not recommend the payment of dividend for the financial year 2019. (2018: Nil).

7.10 Earnings per share

Basic Earnings Per share

	31-Dec-19	31-Dec-18
Basic earnings per share (butut)	**0.02**	0.06
Diluted earnings per share (butut)	**0.02**	0.06

The calculation of basic earnings per share at 31st December 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	31-Dec-19	31-Dec-18
Profit for the year (D'000)	**9,795**	34,522
Number of shares	**586,811,668**	586,811,668

7.11 Cash and cash equivalents

In Thousands of D	**2019**	2018
Cash in hand	**98,749**	278,353
Cash in transit	**-**	131,895
Unrestricted balances with Central Bank of The Gambia	**244,915**	133,892
Balances with Local Banks	**339**	328
Balances with Correspondent Banks	**320,919**	65,931
Balance as per statement of cash flow	**664,922**	610,399
Restricted balances with Central Bank of The Gambia	**43,220**	23,628
Total cash and cash equivalents	**708,142**	634,027

7.12 Loans and advances to customers

In Thousands of D	**2019**	2018
Loans and advances – Individuals	**45,521**	1,519
Loans and advances – Corporate	**128,081**	74,432
Loans and advances – Staff	**4,707**	4,514
Total – Gross	**178,309**	80,465
Impairment of financial assets	**(308)**	(843)
Total – Net	**178,001**	79,622

Dec-19

In thousands of Dalasi	**Gross Amount**	**Total Impairment**	**Carrying Amount**
Loans to individuals	**50,228**	**(305)**	**49,923**
Loans to Non-individuals	**128,081**	**(3)**	**128,078**
Total	**178,309**	**(308)**	**178,001**

Dec-18

In thousands of Dalasi	Gross Amount	Total Impairment	Carrying Amount
Loans to individuals	6,033	(413)	5,620
Loans to Non-individuals	74,432	(430)	74,002
Total	80,465	(843)	79,622

Gross loans:

In thousands of Dalasi	Dec-2019	Dec-2018
Current loans	**119,116**	16,650
Non-current loans	**59,193**	63,815
Total	**178,309**	80,465

In thousands of Dalasi	Dec-19	Dec-18
Loans to individuals:		
Overdraft	**10,367**	264
Loans	**39,861**	5,769
Total	**50,228**	6,033
Loans to non-individuals:		
Overdraft	**16,034**	17,877
Loans	**112,047**	56,555
	128,081	74,432

7.13 Impairment

7.13(a) Impairment Charge for the Year

Impairment gain for the year	**535**	24
Loan Recoveries	**6,097**	31,763
	6,632	31,787

The list of the recoveries during the year is as below:

RECOVERIES FROM JAN-DEC 2019	D'000
SEAVIEW GROUP	5,423
BABOUCARR SAWANEH	556
GHATSON AND CO	118
TOTAL	**6,097**

All recoveries are actual cash received in 2019

7.13(b) Closing Impairment

In thousands of Dalasi	Dec-19	Dec-18
	Total Impairment	Total Impairment
Balance at 1 January	**843**	819
Charge for the year	**(535)**	24
Balance, end of period	**308**	843

7.13(c) Impairment Staging

In thousands of Dalasi	Dec-19	Dec-18
Stage 1	**179**	843
Stage 2	**35**	-
Stage 3	**94**	-
Balance end of period	**308**	843

7.14 Investment

In Thousands of D	2019	2018
Government of The Gambia Treasury bills	**1,184,421**	935,209
Government Bond	**104,388**	104,077
Total investment	**1,288,809**	1,039,286

7.15 (a) Property, plant and equipment

In thousands of GMD	Leasehold improvement and buildings	Computer hardware	Furniture and fittings	Plant Machinery	Motor vehicles	WIP	Total
Cost							
Balance at 1 January 2019	**142,533**	**28,657**	**5,060**	**18,338**	**26,426**	**2,469**	**223,483**
Additions	-	1,598	636	865	4,964	13,383	21,446
Balance at 31 December 2019	**142,533**	**30,255**	**5,696**	**19,203**	**31,390**	**15,852**	**244,929**
Depreciation							
Balance at 1 January 2019	**(58,922)**	**(26,997)**	**(4,589)**	**(14,380)**	**(15,505)**	-	**(120,393)**
Depreciation charge for the year	(5,203)	(2,062)	(204)	(1,848)	(5,706)	-	(15,023)

Balance at 31 December 2019	**(64,125)**	**(29,059)**	**(4,793)**	**(16,228)**	**(21,211)**	**-**	**(135,416)**
Net book value At 31 December 2019	**78,408**	**1,196**	**903**	**2,975**	**10,179**	**15,852**	**109,513**
Cost							
Balance at 1 January 2018	**142,278**	**30,764**	**9,743**	**28,106**	**30,348**	**3,247**	**244,486**
Additions	53	3,414	117	1,369	4,160	-	9,113
Transfer	202		-	-	-	(778)	(576)
Disposal/write offs	-	(5,521)	(4,800)	(11,137)	(8,082)	-	(29,540)
Balance at 31 December 2018	**142,533**	**28,657**	**5,060**	**18,338**	**26,426**	**2,469**	**223,483**
Depreciation							
Balance at 1 January 2018	**(53,723)**	**(27,860)**	**(9,191)**	**(23,704)**	**(20,516)**	-	**(134,994)**
Depreciation charge for the year	(4,908)	(2,555)	(201)	(2,318)	(5,449)	-	(15,431)
Disposal/write offs	(291)	3,418	4,803	11,642	10,460	-	30,032
Balance as at 31st December 2018	**(58,922)**	**(26,997)**	**(4,589)**	**(14,380)**	**(15,505)**	-	**(120,393)**
Net Book Value as at 31st Dec 2019	83,611	1,660	471	3,958	10,921	2,469	103,090

7.15 (b) Right of use assets

In thousands of GMD **Cost**	**D'000**
Balance at 1 January 2019	**-**
Additions	**29,493**
Balance at 31 December 2019	**29,493**
Depreciation	
Balance at 1 January 2019	**-**
Depreciation charge for the year	**(3,820)**
Balance at 31 December 2019	**(3,820)**
Net book value At 31 December 2019	**25,673**

The Bank leases several assets which includes buildings for commercial and residential purposes. The average lease term is 5 years.

7.16 Intangible assets

In thousands of GMD **Cost**	**D'000**
Balance at 1 January 2019	**33,052**
Additions	**2,387**
Balance at 31 December 2019	**35,439**
Depreciation	
Balance at 1 January 2019	**(20,023)**
Depreciation charge for the year	**(3,121)**
Amount written off	**13**
Balance at 31 December 2019	**(23,131)**
Net book value At 31 December 2019	**12,308**
Cost	
Balance at 1 January 2018	28,383
Additions	5,660
Disposals/Transfers	(991)
Balance at 31 December 2018	33,052
Depreciation	
Balance at 1 January 2018	(16,990)
Depreciation charge for the year	(3,031)
Write offs	(2)
Balance at 31 December 2018	(20,023)
Net book value at 31 December 2018	13,029

7.17 Deferred tax

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

			2019			2018
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	D'000	**D'000**	**D'000**	D'000	D'000	D'000
Property and equipment and software	**388**	**(4,968)**	**(4,580)**	1,439	(1,051)	388
Allowances for loan losses	**-**	**-**	**-**	-	-	-
Net tax assets (liabilities)	**388**	**(4,968)**	**(4,580)**	1,439	(1,051)	388

Movements during the year

	Opening balance	Recognised in profit or loss	Recognized in equity	Closing balance
	D'000	D'000	D'000	D'000
2019				
Property and equipment, and software	388	(4,968)	-	(4,580)
Allowances for loan losses	-	-	-	-
	388	(4,968)	-	(4,580)
2018				
Property and equipment, and software	1,051	(1,439)	-	(388)
Allowances for loan losses	-	-	-	-
Closing Balance	1,051	(1,439)	-	(388)

7.18 Other assets

In Thousands of D	2019	2018
Receivable on e-channels (7.18(a)	**11,576**	4,078
Other Receivables 7.18(b)	**3,458**	2,100
Inventory	**745**	1,037
Pre-paid technology	**382**	400
Rent Prepaid	**873**	4,667
Pre-paid interest-CP & BA Sold	**594**	1,158
Pre-paid Insurance	**618**	659
Other Prepayment 7.18(c)	**3,397**	4,178
Total other assets	**21,643**	18,277

7.18 (a) Receivable on e-channels

	2019
	D'000
Western Union Settlement	152
ATM Acquired Cash	10,114
Acc. Receivable ATM cash	37
GAMSWITCH Acquired	49
Cross Boarder Receivable	1,224
Total	**11,576**

7.18 (b) Other Receivables

	2019
	D'000
A/C Receivable- Hold Over Item	1,733
A/C Receivable – Staff Advance	88
A/C Receivable – Fx shipment	115
Branch Recoverable	33
A/C Receivable Others	401
Recoverable Expenses	837
Other receivables	251
Total	**3,458**

7.18 (c) Other Prepayments

	2019
	D'000
Annual Subscription Bankers Association	1,140
DSTV and others	1,034
Other prepaid expenses	1,223
Total	**3,397**

7.19 Deposits from customers

In Thousands of D	2019	2018
Current accounts	899,296	552,931
Savings accounts	414,682	398,336
Fixed deposit	431,791	322,622
Total deposits from customers	**1,745,769**	1,273,889

7.20 (a) Other Liabilities

In Thousands of D	2019	2018
e-banking Payables 7.20(a1)	15,931	2,357
Accruals and deferred income 7.20(a2)	3,893	2,535
Certify bank cheques	48	-
Balances Due To Correspondent Banks	-	93,069
Other creditors 7.20(a4)	9,595	8,336
Due to Group 7.20(a3)	27,901	126
Total	**57,368**	106,423

(7.20) (a1) e-banking payables

In Thousands of D	2019
ATM Forward cash	13,379
Cross Board Payable	2,394
GAMSWITCH Interbank Payables	38
Mobile App Payables	120
Total	**15,931**

7.20 (a2) Accruals and deferred income

In Thousands of D	2019
Audit fees	1,130
Board expenses	100
Electricity and water	250
Telephone expenses	200
Fringe benefit tax	1,117
Security support	241
Other administration and branch expenses	855
Total	**3,893**

7.20 (a3) Due to Group

In Thousands of D	2019
NAWEC Bond Loan	22,980
Dividend Payables	4,921
Total	**27,901**

7.20 (a4) Other Creditors

In Thousands of D	2019
Unclaimed Item	1,061
Draft in Transit	85
Withholding Tax	154
A/c Payables Cheques and Drafts	115
Unclear Effects	8,180
Total	**9,595**

7.20 (b) Lease liability

In Thousands of D	2019	2018
Opening lease liability	28,236	-
Finance cost	3,859	-
Repayment of principal	(1,898)	-
Lease liability as at 31st December 2019	30,197	-

Maturity analysis for Lease Liabilities

	1 - 3 months	3 – 6 months	6 – 9 months	9 – 12 months	More than 1 year	Total
	19,046	-	-	1,000	10,151	30,197

7.21 Share Capital and Reserves

7.21(a) Ordinary Share capital

	2019	2018
On issue at 1 January	**586,812**	586,812
Addition in shares	**-**	-
	586,812	586,812

At 31st December 2019 the authorised share capital comprised of 1 billion ordinary shares same as 2018; all of these shares have a par value of D1. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank.

7.21(b) Share Premium

	2019	2018
On issue at 1 January	**628,943**	628,943
Addition Premium on new shares issued	**-**	-
	628,943	628,943

7.21 (c) Statutory Reserves

The Central Bank Gambia required that 25% of the Bank's annual profit be transferred to Statutory Reserves. As at 31st December 2019, 25% (GMD 9.795 million of 2019 annual profit (GMD (2.449) million) is transferred to statutory reserves.

7.21 (d) Credit Risk Reserves

The Central Bank of The Gambia required that provisions for loans recognized in the profit and loss account based on the requirements of IFRS are compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

	2019	2018
Total impairment based on Prudential Guidelines	**724**	-

Loan impairment per IFRS (Note 7.12)	**308**	-
Transfer to credit risk reserve from retained earnings	**416**	-
Opening CRR	**1,292**	1,292
Movement to CRR	**416**	-
Balance as per credit risk reserve	**1,708**	1,292

7.22 Contingencies and commitments

The following are shown off the company's balance sheet and relate to items, which may result in ultimate liabilities to the bank in subsequent accounting periods.

	31-Dec-19	31-Dec-18
	D'000	D'000
Guarantees	**130**	1,717
Primary dealership	**23,445**	51,620
Total off balance sheet balances	**23,575**	53,337

Nature of contingent liabilities:

Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

Letters of Credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

Forward foreign exchange contracts are commitments to either purchase or sell a designated financial instrument at a specified future date for a specified price and may be settled in cash or another financial asset. The fair values of the respective currency forwards are carried under other assets and other liabilities as appropriate.

7.23 Litigation

The Bank in the ordinary course of business is currently involved in 4 legal cases (2018: 2). The total amount claimed in the cases against the Bank is estimated at D60.15 million (2018: D10.6 million). This is in relation to unfair dismissal filed by an ex-staff, charges for pre-mature termination of a customer's term deposit, dispute in the size of the land sold for a portion of the Seaview Plaza and the lease payments for the Serrekunda Branch.

The directors having sought the advice of professional legal counsel, are of the opinion that no significant liability will crystalise from these cases.

7.24 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures as well as key management personnel. Below are the transactions between the Bank and other subsidiaries in the Group during 2019. All transactions were carried out at arm's length.

	Balances held with other Banks	Placement
Currencies	**GBP**	**USD**
2019	**'000**	**'000**
Access Bank PLC.	**-**	**51,220**
Access Bank UK Limited	**3,182**	**-**

7.24(a) Loans and advances granted to related parties

Transactions with key management personnel

Key management personnel and their immediate relatives have transacted with the bank during the period as follows:

	2019	**2019**	2018	2018
	Maximum	**Closing**	Maximum	Closing
	Balance	**Balance**	Balance	Balance
	D'000	**D'000**	D'000	D'000
Mortgage lending and other secured loans				
Other Loans (staff loans)	**4,707**	**4,707**	4,507	4,507
Total	**4,707**	**4,707**	4,507	4,507

Interest rates charged on balances outstanding are about a quarter of the rates that would be charged in an arm's length transaction. The mortgages and secured loans granted are secured over property of the respective borrowers. Other balances are not secured, and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

In addition to their salaries, the bank also provides non-cash benefits to employees, and contributes to a defined contribution plan (provident fund) on their behalf.

7.24(b) Loans and advances to employees

	2019	2018
Loans advanced during the year	**4,707**	4,507
Balance at 31 December	**4,707**	4,507

Interest earned on staff loans during the year amounted to D743, 711 [2018: D755, 441].

7.24(c) Loans and advances to directors and their associates

There are no loans and advances to any of the directors and their associates during the year under review.

All the transactions with the related parties with the exception of employees are priced on arm's length basis and have been entered into in the normal course of business.

The short term benefits paid to Management staff is the total salaries and allowances. In addition to their salaries, the bank also provides non-cash benefits to employees, and contributes to a defined contribution plan (provident fund) on their behalf. The Director's short term benefits relates to Directors fees.

The Bank has Seven Directors (Including two executives) as at 31st December 2019 and same in 2018. They received short term benefits on a quarterly and annual basis as follows:

	2019	2018
	No of Directors	No of Directors
Executives		
D0-D150,000	**-**	-
D150,000 +	**-**	-
Non- Executives		
D0-D150000	**7**	7
D150,000 +	**-**	-

The total number of staff employed by the Bank during the year (excluding directors) is as follows:

	2019	2018
Management	**11**	7
General Staff	**137**	126
Total number of staff	**148**	133

7.24(d) Compensation to the Management Staff is as follows:

	2019	2018
Salaries	**10,936**	10,636
Allowances	**6,318**	5,416
Total	**17,245**	16,052

7.24(e) Transaction with Group are all at arm's length

The amount due to Group was in relation to the following:

	2019
NAWEC Bond Remittances	**22,979**
Dividend Payable	**4,921**

Total	**27,900**

7.24(f) Transaction with Directors are all at arm's length:

	2019	2018
Software maintenance contract expenses	**572**	539
Total	**572**	539

7.25 Subsequent events

There were no material events after the balance sheet date that has significant effect on these financial statements.

Supplementary information

Appendix I: Shareholding Structure

The shareholders who held shares in the bank as at 31st December 2019 are as follows:

S/N	NAME	% HOLDINGS	No. of SHARES
1	Access Bank PLC	88.40	518,713,509
2	Pa Alassan Jagne	2.69	15,772,727
3	Dr. Uriel Able-Thomas	0.20	1,200,000
4	Dr. Adama Sallah	0.17	1,000,000
5	Mr Hatib Janneh	0.09	500,000
6	J. Enterprise	0.09	500,000
7	Mr Doudou S.Mbaye	0.17	990,000
8	Mrs. Ramou Sarge	0.05	300,000
9	Mr Abu Dandeh Njie	0.04	250,000
10	Mr Tigan Mbaye	0.03	200,000
11	Mr Maba J.O.Jobe	0.04	227,272
12	Mrs.Aminata M.M.Jallow	0.02	100,000
13	Mrs Joanna Mbaye	0.01	30,000
14	Gambia Electrical Company Limited	0.15	909,090
15	Alieu B.S.Secka	0.01	50,000
16	Dr. Muminatou Jallow-Mbaye	0.01	30,000
17	Mr Freddie Blell	0.13	750,000
18	Mr David Silverstone	0.01	50,000
19	Maria C Hobeika Jnr	0.02	100,000
20	Edmond C. Hobeika	0.03	200,000
21	Roy C. Hobeika	0.03	200,000
22	Mohammed Sillah	0.05	300,000
23	IBETO Petrochemical Industries Limited	7.57	44,439,070
	Total	**100%**	**586,811,668**

Appendix II: Value Added Statement

This statement represents the distribution of the wealth created through the use of Bank's assets and on its own and its employee's efforts.

Value added Statements for the year ended 31st December 2019		
	2019	2018
Interest earned and other operating income	**168,638**	164,527
Direct cost of services	**(37,786)**	(33,949)
Value added by banking services	**130,852**	130,758
Other Banking Income	**6,841**	33,721
Value Added	**137,693**	164,299
Distributed as follows:		
To employees:		
Directors(without executive)	**(622)**	(620)
Management salaries and remunerations	**(17,322)**	(16,052)
Other employees	**(23,960)**	(28,343)
To Government:		
Income Tax	**(11,407)**	(11,956)
To Providers of capital:		
Dividends to shareholders	**-**	-
To expansion and growth		
Operating Expenses	**(53,157)**	(54,321)
Depreciation	**(18,844)**	(15,430)
Amortization	**(3,121)**	(3,031)
Impairment gain / charges	**535**	(24)
Retained Profit /Loss	**9,795**	34,522

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